



CITY OF COSTA MESA

77 Fair Drive
Costa Mesa, CA 92626

Agenda Report

File #: 26-198

Meeting Date: 4/7/2026

TITLE:

WASTE INFRASTRUCTURE SYSTEM ENTERPRISE (WISE) AGREEMENT

DEPARTMENT: PUBLIC WORKS DEPARTMENT/GENERAL SERVICES
DIVISION

PRESENTED BY: RAJA SETHURAMAN, PUBLIC WORKS DIRECTOR

CONTACT INFORMATION: PATRICK BAUER, DEPUTY PUBLIC WORKS
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RECOMMENDATION:

Staff recommends the City Council:

1. Approve the Waste Infrastructure System Enterprise (WISE) Agreement with the County of Orange for municipal solid waste disposal rates and services.
2. Authorize the City Manager, or designee, to execute the agreement, and all related documents, on behalf of the City and make minor modifications as necessary.

BACKGROUND:

The County of Orange, through Orange County Waste & Recycling (OCWR), operates the County-owned landfill system, including three active landfills and approximately 20 inactive sites. Since 1997, Orange County cities have participated in the Waste Disposal Agreement (WDA), which provided guaranteed landfill capacity and disposal rates of at least ten percent (10%) below noncontract customers. The WDA has been amended several times, in 2004, 2009, 2015 and most recently for a one-year extension in 2025.

As the WDA neared expiration, OCWR developed the successor Waste Infrastructure System Enterprise (WISE) Agreement (Attachment 1). The Orange County City Managers Association (OCCMA), representing cities, sanitary districts, and special districts that rely on the landfill system, coordinated review and negotiations beginning in late 2024. In 2025, OCCMA secured a one-year extension of the WDA through June 30, 2026, allowing additional time for negotiations.

Costa Mesa currently has seven approved non-exclusive franchise waste haulers. These haulers are responsible for paying disposal rates set through the WISE Agreement.

ANALYSIS:

The current WDA limits annual rate increases to CPI and does not account for rising operational, regulatory, and environmental compliance costs at Orange County Landfills. OCWR also indicated that additional capital was needed to fund the Brea Olinda landfill closure and significantly expand the capacity of the landfill in San Juan Capistrano over the course of the 10-year term. OCWR's initial WISE proposal would have increased disposal rates from \$43.76 per ton (FY 2025-26 rate) to \$82 in the first year and were projected to rise to nearly \$107 by 2035.

Through negotiations, OCCMA reached an agreement on a phased disposal rate structure for the first three years of the agreement, as per the schedule below. Starting in FY 2029-30, the rate will be adjusted based on the Consumer Price Index (CPI).

Fiscal Year	Contract Rate
2026-27	\$67/ton
2027-28	\$74/ton
2028-29	\$81/ton
2029-30	\$81/ton + CPI

While the primary focus of the negotiations was tied to the disposal rate, OCCMA successfully negotiated the following key provisions:

- Beginning in 2030, an annual “true-up” process that may freeze CPI adjustments depending on OCWR’s cost recovery and tonnage revenue. Cities may initiate a ‘meet and confer’ process with review by an independent consultant.
- Inclusion of review and annual notification provisions to ensure continued OCCMA participation to improve transparency and oversight of OCWR’s financial status and implementation of the WISE Agreement.
- Removal of language that would have made cities financially responsible for hauler non-payment.
- Adoption of a blended CPI index (60% Solid Waste, Water, and Sewer; 40% All Urban Consumers).
- Removal of the requirement that all residential organic waste is sent to OCWR; the County will offer optional organic waste processing services.

In order to take advantage of the negotiated rates and other modifications, Costa Mesa must execute the WISE Agreement, the Franchise Hauler Acknowledgement Form (Attachment 2), and Service Coordinator Designation Form (Attachment 3) by April 30, 2026. The ‘Participation Threshold’ for the WISE Agreement to become effective requires that cities that represent at least fifty percent (50%) of the disposal sent to the County landfills ratify the document. The agreement is for ten (10) years, through June 30, 2036, with one optional 10-year extension.

The negotiated rates substantially reduce the financial impacts compared to the County's initial proposal. Effective July 1, 2026, the increased rates are expected to result in an estimated ten percent (10%) increase to monthly residential customer bills and an estimated sixteen percent (16%) increase for commercial customers. These increases are in addition to any hauler-related cost increases associated with service. The OCCMA, through negotiations, reduced the projected rate increases from the County's initial proposals and spread the impact to occur over several years. The Orange County Board of Supervisors approved this new agreement earlier this year and all cities and special districts are expected to approve it over the next few months.

The City Attorney's Office was involved throughout this process to ensure the new agreement meets the State's requirements and effectively formalizes hauler responsibilities. Therefore, staff requests City Council approval for the WISE agreement.

Costa Mesa Waste Collection and Recycling

The City of Costa Mesa, through franchise agreements with seven (7) haulers, administers waste and recycling program for multi-family and commercial land uses. Each property has independent contracts with its respective haulers that may limit future rate increases for the duration of their term. The new WISE agreement may impact new agreement costs, and varies by hauler. The disposal rate is only factor in rate determination. Other variables include equipment, staffing, maintenance, fuel, etc. The overall impact is anticipated to be approximately 10 percent to 16 percent increase in rates to residential and commercial customers.

Costa Mesa Sanitary District Residential Solid Waste Collection

Costa Mesa Sanitary District (CMSD) administers waste and recycling programs to single-family and smaller multi-family properties, under a franchise agreement with CR&R. CMSD took the WISE agreement adoption to its Board for approval on March 23, 2026. In April 2026, CMSD Board will hear options for rate increases for its customers. The current proposals being considered are annual increases of eight (8) percent per year over the next five years or increases ranging from seven (7) percent to 11 percent per year over the next five years.

Outreach and Engagement

The City will collaborate with CMSD to provide information on the new County disposal rates to Costa Mesa residents and businesses. In addition, the City will work with franchise haulers to communicate with their respective customers in advance of rate increases in a transparent manner.

ALTERNATIVES:

The City Council may decline to authorize the proposed agreement. Without the approval of this agreement, all Costa Mesa haulers will not receive the negotiated rates which will result in even higher disposal costs at Orange County Landfills. The non-negotiated rate beginning July 1, 2026, is \$92.70/ton, which is considerably higher than the negotiated rate. Staff does not recommend this alternative.

FISCAL REVIEW:

For fiscal year 2026-27, the waste hauler disposal rate will increase from \$43.76 to \$67.00 per ton, which represents a 53.1% increase. While the waste hauler disposal rate is anticipated to increase by 53.1%, the City's agreement with its facilities waste hauler limits an annual adjustment to a maximum of 2% CPI increase.

LEGAL REVIEW:

The City Attorney's Office has reviewed this agenda report and the proposed agreement and approves them as to form.

CITY COUNCIL GOALS AND PRIORITIES:

This item works toward achieving the following City Council goal:

- Maintain and enhance the City's infrastructure, facilities, equipment, and technology.

CONCLUSION:

Staff recommends the City Council:

1. Approve the attached WISE Agreement with the County of Orange for municipal solid waste disposal rates and services.
2. Authorize the City Manager, or designee, to execute the agreement, and all related documents, on behalf of the City and make minor modifications as necessary.